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DEPARTMENT OF DEFENSE · UNITED STATES OF AMERICA

COMMANDERS DIGEST

HOW DSA SERVES THE ARMED FORCES

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> "What I want to avoid is that my supplies should command me."
>
> *Comte de Guibert*
> *French Field Marshal, 1770*

Vol. 16, No. 10, Sept. 5, 1974

DSA... LOGISTICS PARTNER of the ARMED SERVICES

"We are here only to support the Military Services," Lieutenant General Wallace H. Robinson, Jr., USMC, says of the Defense Supply Agency (DSA) which he heads. "We function as an integral part of the logistics systems of all the Services."

DSA currently handles more than 60 percent of the total requisitions processed in the military supply systems and this fiscal year will administer military contracts with a value of more than $51 billion. As a partner of the Armed Services, the agency provides a wide range of supply, administrative, technical and logistic services from shoe laces to components critical to the operational readiness of weapon systems.

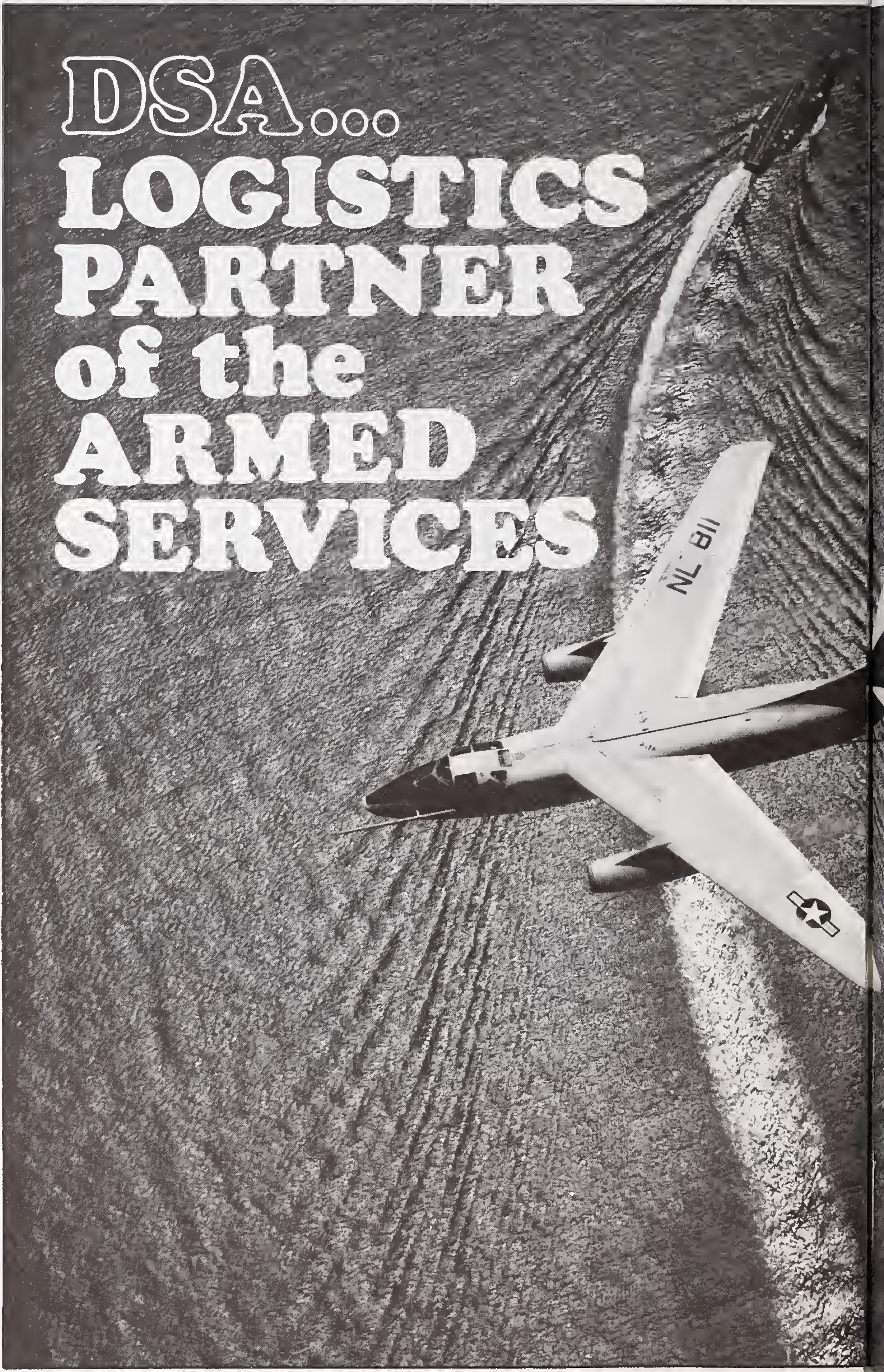
A large part of DSA's responsibility to its customers involves continuing cognizance over quality and production right down to the manufacturing plant level.

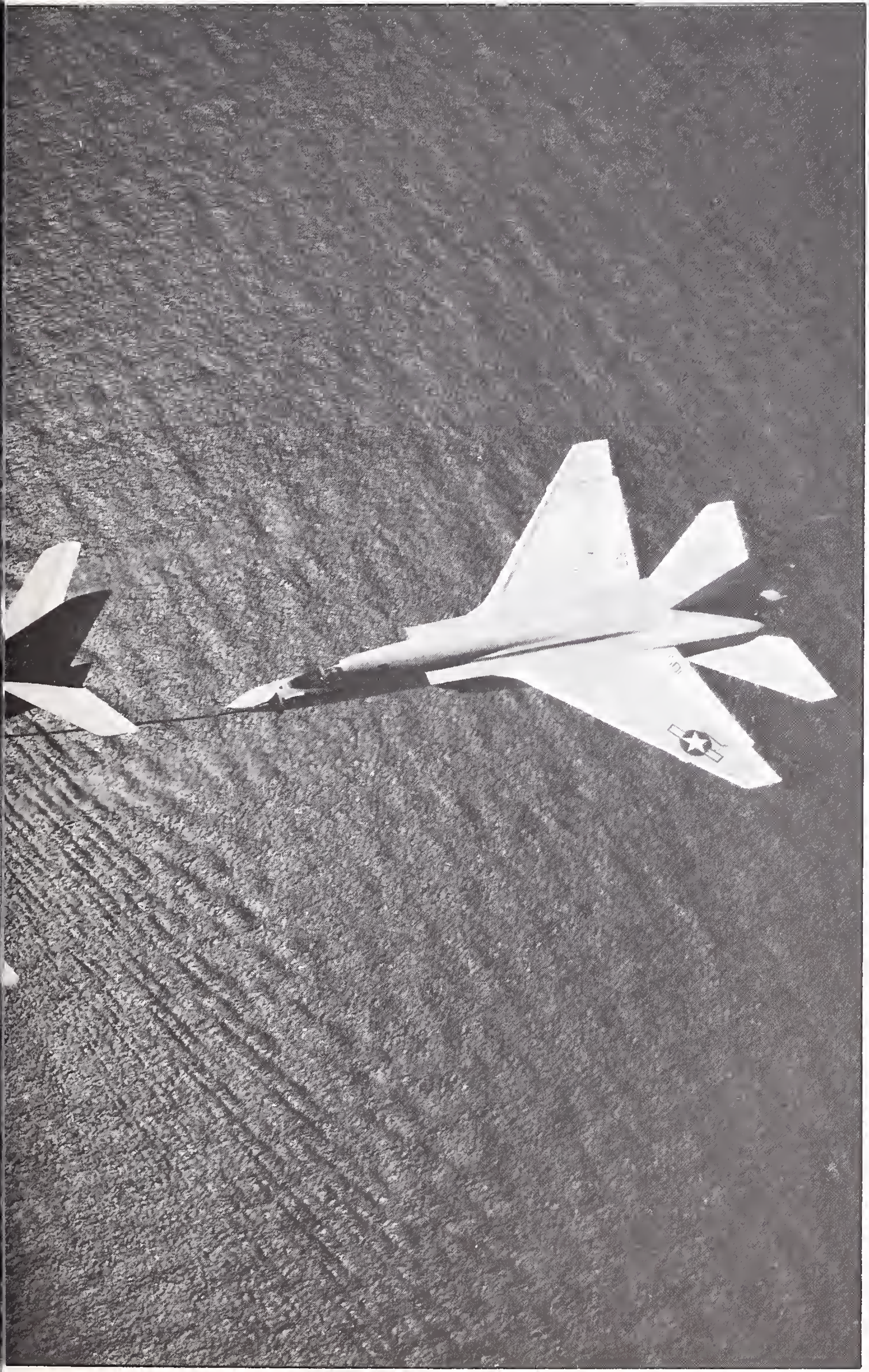
But General Robinson resolutely avoids the implication that DSA is an independent superagency. His stress is always on the fact that the agency is an extension of the Military Services' own supply systems whose role as an integrated manager is to assist the Services in as many routine logistics tasks as possible, providing them effective and economical support in those areas.

To do this, DSA uniquely brings together in one organization logistics experts from all the Services. It is staffed by Army, Navy, Air Force and Marine specialists who know their own Service's problems . . . the problems of DSA's "customers."

This multi-Service mix of key officers is a DSA tradition. General Robinson is the fourth director since DSA was formed in 1961, and the first Marine. Rear Admiral Paul F. Cosgrove, Jr, SC USN, is Deputy Director, and Major General Henry Simon, USAF, is Deputy Director for Contract Administration Services.

DSA's roots go back to early World War II, and can be traced through the experiences of joint procurement, supply item standardization and the single-manager system.





The germ of the idea which became DSA appeared in World War II when it became apparent that procurement of vast wartime supplies required inter-Service coordination, lest the Army and Navy bid against one another.

The first step in the evolution of integrated logistics management was the coordinated procurement of food, clothing, medical supplies and petroleum. But each Service did its own buying.

When the Department of Defense (DoD) was formed in 1947, joint purchasing agencies were established for petroleum and medical supplies. To combat rising costs, DoD conducted studies toward expanded joint procurement, and began standardizing common supply items.

In 1955 the single manager plan arrived. A Single Manager Operating Agency (SMOA) in a Military Service was assigned to handle all logistic functions in a given commodity area for all of DoD.

SMOAs were created for subsistence, clothing and textiles, medical supplies and petroleum. They were responsible not only for procurement but for net requirements determination, distribution, funding, inventory control, cataloging and standardization, maintenance, mobilization and surplus disposal. This created opportunities for savings beyond joint purchasing alone, such as by centralizing wholesale stocks.

The SMOAs proved highly successful. In six years of operation, they reduced item assignments by 20 percent and inventories by 30 percent. The latter alone was worth $800 million in savings.

It was obvious, however, that additional SMOAs would require a different approach. The commodities handled by the four original SMOAs had a high degree of common use and a high demand volume. Other supply items were not as amenable to single management.

DoD studies in the late 1950s and early 1960s concluded that the single-manager concept should be expanded, but only if the degree of unity and procedural uniformity were possible—in other words, a method of "managing the managers."

So, on October 1, 1961, Secretary of Defense Robert S. McNamara created DSA, to become operational January 1, 1962. Initially, it was a headquarters unit directing six commodity-type and two service-type single management centers.

The commodity centers managed clothing-textiles, subsistence, petroleum, medical supplies, construction, and general supply. Additional centers for electronics and automotive parts were added six months later.

The service-type centers were responsible for traffic management and logistic services. Later, traffic management and automotive parts were returned to the management of the Army.

Eventually, three of the original commodity centers—clothing-textiles, subsistence and medical supply—were merged into a single "personnel support center."

DSA established additional centers for administrative support, property disposal, automated documentation of DoD's research and technological information and storage of idle plant equipment.

The largest additional responsibility was assigned to DSA in 1965: the administration of military contracts, formerly handled by the Services themselves. Today, DSA has over 19,000 military and civilian personnel assigned to the contract administration function.

The agency was at its peak strength in June 1967, with 62,075, including 1,137 military and 60,938 regular civilian employees on its roster. With the withdrawal from Southeast Asia, manpower dropped to 49,442 at the end of FY 1972 (1,097 military, 48,345 civilian). New worldwide mission responsibilities for property disposal, subsistence and integrated management of bulk petroleum, assigned by the Secretary of Defense, have raised the strength figures to the present 1,144 military and 54,067 civilians

In the transfer of these three major activities, the Services reduced more billets than DSA picked up to do the combined jobs.

DSA has three main functions:

- Supply Support

Director, DSA

Lieutenant Gen. Wallace H. Robinson, Jr., USMC, began his career as a Marine officer in 1940. At the outset of World War II, he participated in the occupation and defense of the Samoan, Wallis and Ellice Islands, rising to the rank of major. In November 1943, he took part in the assault and occupation of Tarawa in the Gilbert Islands.

After the war, General Robinson served as commanding officer of the 1st Separate Engineer Battalion, III Amphibious Corps, Fleet Marine Force, in Northern China where he directed major construction projects in the occupation of Peking, Tientsin, and other cities. In 1950 he was in charge of a Marine Corps Coastal Survey Team in the Persian Gulf area.

After several assignments in supply and logistics billets he served in 1962 as a member of the Secretary of the Navy's Planning Staff for review of the Management of the Department of the Navy. General Robinson commanded the 3d Force Service Regiment with the 3d Marine Division on Okinawa from December 1962 through January 1964. In 1966, he received his first star; sixteen months later he was promoted to major general while in command of the Marine Corps Supply Activity, Philadelphia, Pennsylvania. In January 1969, General Robinson became the Quartermaster General of the Marine Corps. He served in that capacity until he was named director of the Defense Supply Agency on August 1, 1971, at which time he received his third star.

A native of Washington, D.C., General Robinson holds an engineering degree from Virginia Polytechnic Institute and a master of business administration from George Washington University. He is a graduate of the Industrial College of the Armed Forces. General Robinson is a registered civil and industrial engineer. His medals and decorations include the Distinguished Service Medal, the Legion of Merit with Gold Star in lieu of a second award and the Navy Commendation Medal.

- Contract Administration
- Technical and Logistics Services

It operates in more than 1,400 locations, 65 of them overseas. Locations range from supply support centers and depots to contract administration offices in industrial plants.

DSA is identifiable generally with "secondary consumables." but its role reaches beyond the common supply function of the four Services.

It provides specialized supply management for items with applications in missiles such as the Pershing, Terrier and Minuteman; for items in the AH–1G Huey Cobra helicopter and in the F–14 and F–111 aircraft.

It furnishes modern, sophisticated technical support to the Services through a family of computerized information-processing systems.

In some areas, DSA also provides services and support for organizations and activities outside DoD. It is the petroleum buyer for the entire government. It provides logistic support and contract administration to such clients as the National Aeronautics and Space Administration, the Coast Guard, the Postal Service, Veterans Administration hospitals, federal prisons, Indian reservations and government facilities for Eskimos.

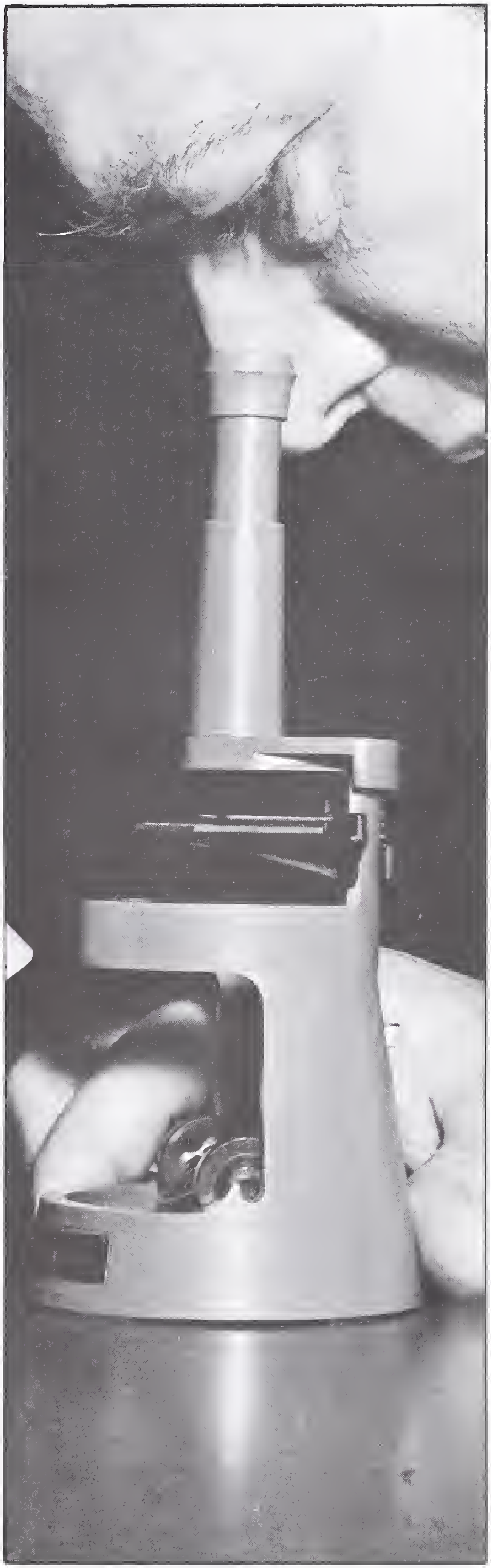
The volume and diversity of DSA's assignments present a wide variety of new management challenges.

DSA has devised a number of techniques to meet such challenges. Because it must often serve customers with critical needs, it uses a "management laser beam" on problems that need high-level attention.

These put a premium on performance and a minimum reliance on solution "by the book." At times it means direct, personal dialogue between the director and an often startled action officer who is coping with a supply problem in the field.

DSA's top managers make frequent visits to their field activities, their military customers, and to contractors to learn how well DSA is meeting the real needs of the Services. They listen and make necessary changes.

A Defense Contract Administration Service quality representative takes a close look at a contractor's product before giving it his approval.



Another technique, "pooling of brainpower," brings to bear the person or persons within DSA who know the most about a particular problem, without regard to chain of command or staff cognizance. It means taking the problem-solver to the problem for first-hand resolution.

DSA's objective is to do more with less, and it "programs in" increased productivity year after year. But cost-consciousness is never rated above the primary goal of getting the Military Services what they need, when they need it, where they need it.

In spite of a decline in man-years of input (dropping in six years by nearly 30 percent), DSA's composite productivity trend has been on the rise. In FY 1973, management data showed productivity to be at 129 percent of the FY 1967 benchmark figure. Notwithstanding this increase in output, in FYs 1972 and 1973, the agency reduced its overall civilian grade by .34.

Typical of reductions in facilities to provide a better management "mix" of operations was the closing of the Atlanta Army Depot during calendar year 1973. Distribution and maintenance support missions were relocated, primarily to DSA's Defense Depot Memphis, Tennessee. Lumber procurement functions were consolidated at the Defense Construction Supply Center, Columbus, Ohio, permitting the elimination of Wood Products Offices in Georgia and Oregon.

"Only by zealously pursuing effective, integrated management of items of common support can we fulfill our charter—to provide the Services what they need, in war and peace, at the lowest feasible cost," is the way General Robinson describes it.

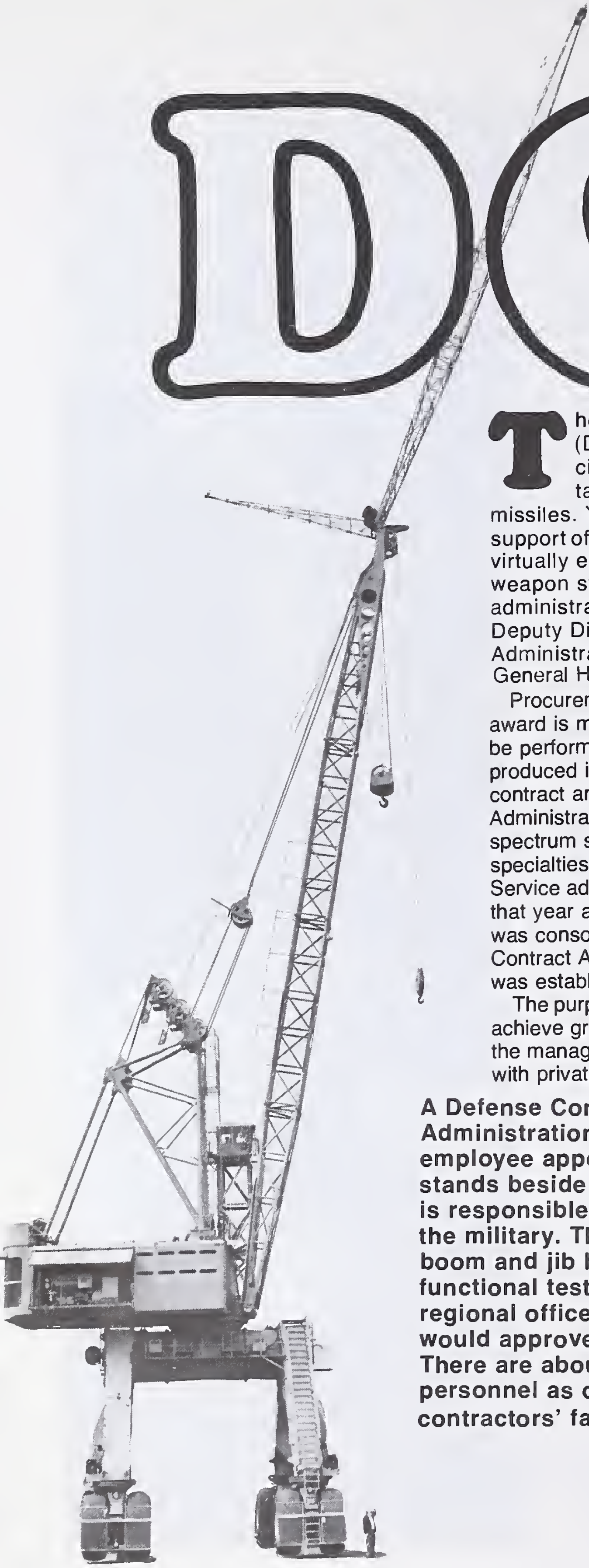
"We must be mindful always of striving for better support with greater efficiency. We can never give up on it," the general said.

DCAS

The Defense Supply Agency (DSA) generally is not associated with such items as tanks, helicopters and missiles. Yet it plays a vital role in support of the procurement of these and virtually every other type of major weapon system through the administration of contracts, under the Deputy Director for Contract Administration Services (DCAS), Major General Henry Simon, USAF.

Procurement does not end when an award is made. A variety of actions must be performed to insure that materiel is produced in accord with terms of a contract and is delivered on time. Administration of contracts is a broad spectrum service involving many specialties. Prior to 1965, each Military Service administered its own contracts. In that year administration of most contracts was consolidated and the Defense Contract Administration Services (DCAS) was established.

The purpose of this consolidation was to achieve greater efficiency and economy in the management of government contracts with private industry by having one DoD spokesman at the plant level to provide more responsive service.



A Defense Contract Administration Service (DCAS) employee appears dwarfed as he stands beside a 75-ton crane he is responsible for purchasing for the military. The crane's whip boom and jib hook had to pass functional tests before the DCAS regional office in Dallas, Texas, would approve the purchase. There are about 2,500 DCAS personnel as on-site residents at contractors' facilities.

At the end of March, 1974, DCAS administered for the Military Services, DSA itself, the National Aeronautics and Space Administration, the Federal Aviation Agency and some other Federal agencies 205,000 prime contracts valued at $51.2 billion.

The Military Services retain administration of their contracts for civil works, military construction, shipbuilding and certain major weapon systems.

DCAS responsibilities involve administering contracts in the field, often at a contractor's facility, after the procuring Military Service has made the award. Contractor and government alike share the advantages of having government representatives at the point of production.

The contractor may be located hundreds or thousands of miles distant from the procuring activity. DCAS personnel, however, are at the scene of the action where they can follow the contractor's progress and help resolve problems as they arise.

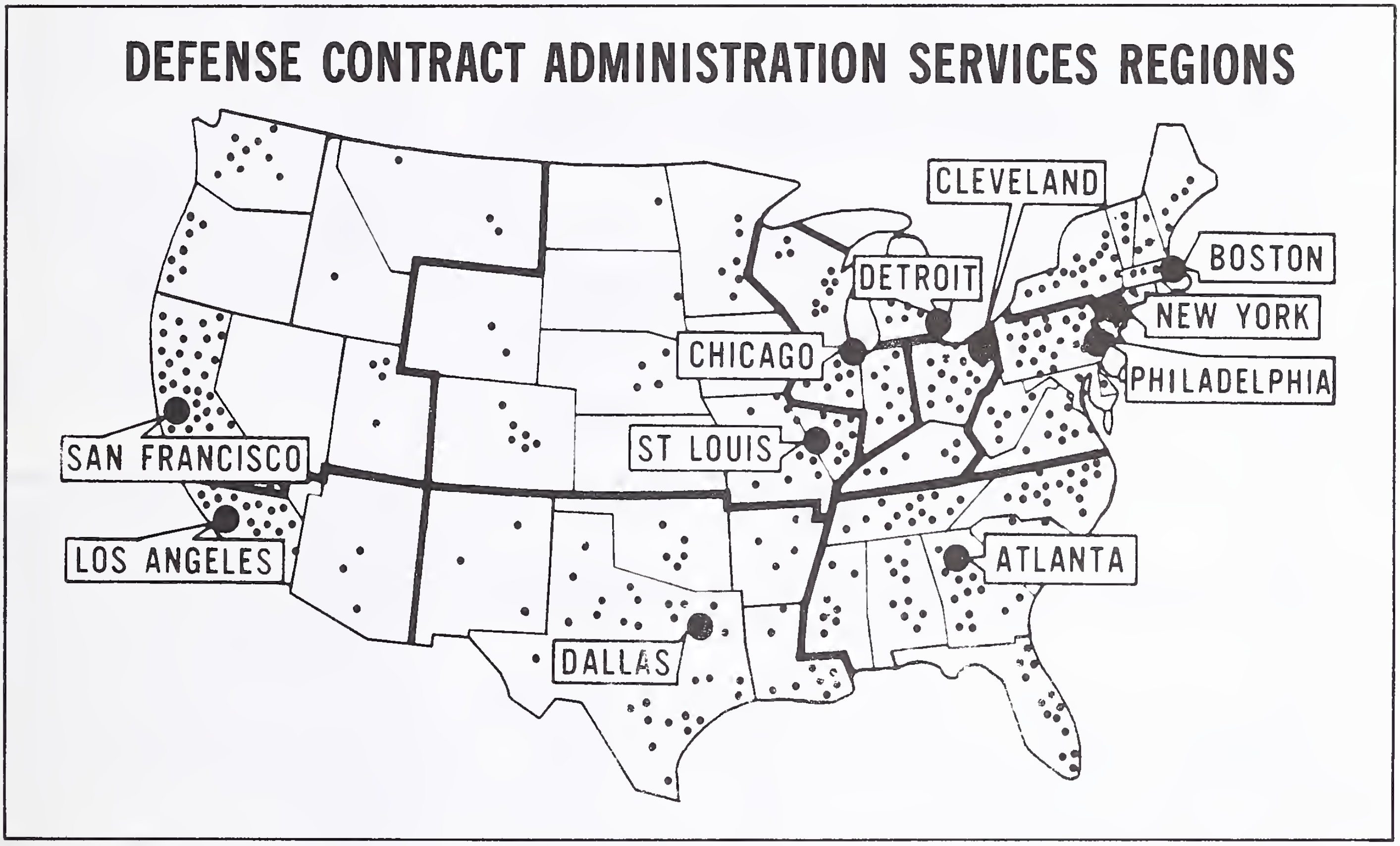
Most of the nearly 19,000 DCAS personnel are located throughout the country in major offices near centers of industry. Many are nonresident specialists visiting a number of contractor plants. Some 2,500 personnel are onsite residents at contractors' facilities.

DCAS personnel make preaward surveys of contractors' plants, monitor production status and performance, inspect and accept materiel, and make payment to contractors. The major thrust of the DCAS mission is carried out by its contract administration officers, quality assurance representatives, industrial specialists and engineering personnel.

Additional specialists perform a number of supporting functions which include transportation and packaging, industrial security and compliance with equal opportunity laws.

Vital role of contracting plus follow-through

DEFENSE CONTRACT ADMINISTRATION SERVICES REGIONS



Actually, DCAS work begins even before an award is made. DCAS personnel make preaward surveys for the buying Service to determine whether a contractor is capable of meeting the terms of the contract.

Once a contract has been awarded, industrial specialists of DCAS provide technical surveillance over contracts to ensure timely delivery. They determine whether milestones scheduled in the contract are being met, and assist contractors in resolving technical problems that may affect delivery schedules.

Whether visiting a plant or resident at a contractor's facility, the quality assurance representative monitors and evaluates the contractor's quality control program to produce materiel meeting contract requirements. This is a vital function, because many items go directly from the contractor to the soldier, sailor, airman and marine who will use them.

Due to the rapidity of technological change, a weapon system under production may vary substantially from that defined in the original procurement package. To cope with this, the Department of Defense has assigned DCAS specific onsite engineering responsibilities. DCAS engineers act both as interpreter and monitor, assisting the contractor in interpreting specifications and engineering requirements and advising the program manager of potential problems.

DCAS currently administers a number of weapon systems that include the Pershing, Sprint, Sparrow and Sidewinder missiles; the Navy's MK–48 torpedo; and subsystems of the Minuteman, Poseidon and Titan missiles; the Iroquois helicopter and the F–4 Phantom aircraft.

The vital role of DCAS in the procurement process may be seen from the fact that it is the organization that often provides the last chance to make certain that combat equipment is going to be where it is needed—on time—and that it will do the job for which it was designed.

Network provides 'beans to electronics'

DSA operates a variety of widely scattered centers and depots to serve its worldwide customers.

Six supply centers manage specified categories of commodities or services. Each provides cataloging, standardization, procurement, distribution, requisition processing, inventory, accountability, stock replenishment, financial accounting, billing, collecting and reporting.

- **Defense Personnel Support Center,** Philadelphia, Pennsylvania: Wholesale stocks of food, clothing and medical supplies for the Military Services worldwide and other agencies of the federal government.
- **Defense Electronics Supply Center,** Dayton, Ohio: Electronic components in 27 supply classes for the Military Services and other federal agencies.
- **Defense Industrial Supply Center,** Philadelphia, Pennsylvania: Industrial hardware and repair parts for weapon systems and civil agencies including the National Aeronautics and Space Administration space program.
- **Defense Construction Supply Center,** Columbus, Ohio: Construction materials and automotive and construction equipment components and repair parts.
- **Defense General Supply Center,** Richmond, Virginia: 174,000 items ranging from laundry and dry cleaning equipment to geophysical and astronomical instruments.
- **Defense Fuel Supply Center,** Cameron Station, Alexandria, Virginia: Bulk petroleum management through a worldwide network of fuel terminals plus field offices in the continental United States, Europe and the Pacific and quality assurance personnel in Europe, the Middle East, the Carribbean and the Pacific.

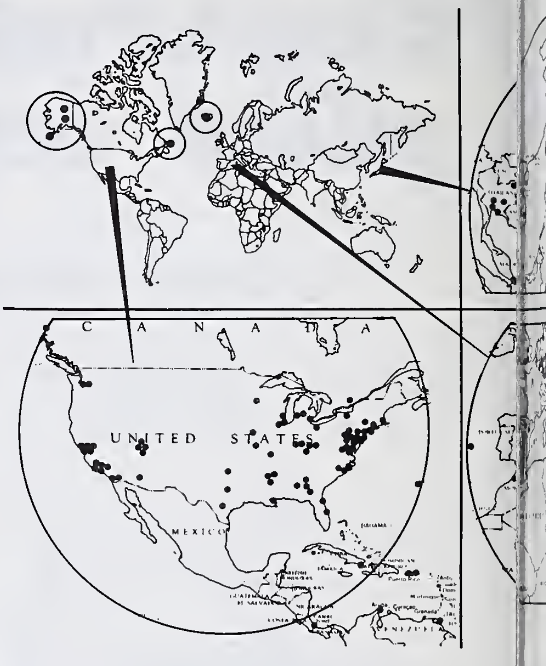
The construction, electronics and general centers also provide depot services. DSA operates four other depots to receive, store and issue supplies:

- **Defense Depot Mechanicsburg (Pa.):** Medical materials, clothing and textiles; subsistence, industrial, construction and general supplies plus direct support for Army and Air Force commissaries in Europe.
- **Defense Depot Memphis (Tenn.):** Industrial construction, medical, food, clothing, petroleum and general supplies and the storage of strategic materiel.
- **Defense Depot Ogden (Utah):** 600,000 stock-numbered items including electronic supplies and operation of the DSA automatic data processing system in support of depot management functions at DSA field activities.
- **Defense Depot Tracy (Calif.):** Nonperishable food, clothing and textiles, medical supplies, packaged petroleum products, construction supplies, industrial tools and equipment and general supplies.

DSA runs five service centers concerned with DSA programs and manages eight contractor-operated information analysis centers whose purpose is to see that Defense and other government organizations can capture information when it is needed, avoid duplication of effort and shorten the time from the perception of a need to its fullfilment.

- **Defense Logistics Services Center,** Battle Creek, Michigan: The Federal Catalog System and the Item Intelligence data bank for the federal government supply system and for supply operation in the North Atlantic Treaty Organization countries, certain foreign governments and the industrial community.

DSA ACTIVITIES - W



- **Defense Property Disposal Service,** Bat
Disposal Offices in the United States and 29 fo
excess personal property disposal operations i
- **Defense Industrial Plant Equipment Ce**
DoD-owned industrial plant equipment clearing
- **Defense Documentation Center,** Camero
research, development, test and evaluation pro
- **DSA Administrative Support Center,** Ca
support and technical guidance for DSA and ot

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- **Chemical Propulsion Information Agen**
Silver Spring, Maryland.
- **Infrared Information and Analysis Cent**
Institute of Michigan, Ann Arbor, Michigan;
- **Metals and Ceramics Information Cente**
Columbus, Ohio;
- **Machinability Data Center,** Metcut Resea
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- **Mechanical Properties Data Center,** Bel
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- **Nondestructive Testing and Data Supp**
Institute, San Antonio, Texas;
- **Reliability Analysis Center,** IIT Research
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- **Thermophysical and Electronic Properti**
Purdue University, West Lafayette, Indiana.

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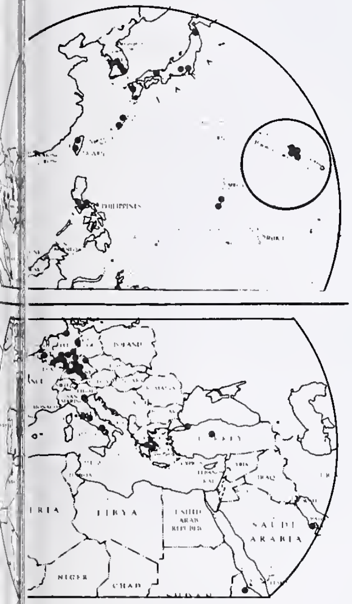

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DSA system meets vast & varied needs

As an integrated manager of supply and logistic services for the Armed Forces, the Defense Supply Agency (DSA) operates a network of centers and depots strategically situated to meet the vast and varying needs of its customers.

Supply support is provided through an interlocking system of six procurement and supply management centers and seven depots, with supporting subsidiary depot facilities, to assure the timely delivery of common support items: fresh foods for the troops . . . sophisticated weapon systems parts and components to maintain combat readiness . . . gigantic industrial equipment for specialized manufacturing needs . . . fuel for the land, sea and air forces . . . and thousands of other items in the federal inventory.

The item supply support function is the largest in the agency, involving supply, procurement, production and certain logistic services to meet the needs of organizations served by the Defense Supply Agency.

Major General John L. Klingenhagen, USA, is Executive Director of Supply Operations at HQ DSA. His responsibilities for receipt and storage of materiel and timely support to satisfy requisitions involve personnel who are on duty literally around the clock, in both domestic and oversea locations.

More than 15 million line items flow through the DSA supply line annually to their designated customer facilities.

Responsibility for seeing that the pipeline will be filled with what the customers will require falls to Dale R. Babione, Executive Director of Procurement and Production. Field personnel in procurement and production serve as buyers for the items managed for the Services by DSA.

These procurements must be made by the Government in competition with all others in the marketplace for the products and services it needs.

DSA's customers also have pressing needs for information of many kinds and levels of use. Managing this kind of "supply" at the headquarters staff level falls to Richard G. Bruner, Executive Director of Technical and Logistics Services.

Technical and Logistics Services is concerned with data covering the logistics life cycle from research and development through disposal.

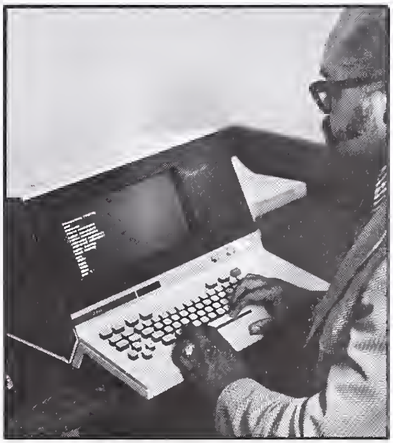
The scientific and technical information program provides information about DoD programs in research, development, test and evaluation. Related Defense-sponsored information analysis centers provide detailed information in specified technical areas.

The cataloging program covers an item from the time of entry to the system through the indication that the item has been superseded through standardization.

"Tech and Log Services" is also concerned with utilization of idle production equipment needed for manufacture of items and excess personal property.

Finally, when an item is of no further use to the Government, Technical and Logistics Services directs its disposal.

From procurement through supply support to ongoing technical and logistic services, DSA operates an integrated management function that must be efficiently and expeditiously responsive to its customers' needs, with the constant injunction to "do more with less."



A physical scientist at the Defense Documentation Center (DDC), Cameron Station, Virginia, "talks" to his cathode ray tube terminal. The DDC operates the Defense On-line Research and Development Test and Evaluation System for DoD managers and scientific and technical personnel. The DDC provides access to R & D reports and prepares bibliographies.

Agency goal 'to do more with less'

Defense Supply Agency's goal to "do more with less" is expressed in its implementation of the Defense Standardization Program.

The director established a high-priority Command Objective Program to monitor progress in this money-saving operation through:

- Reduction of the variety of items in the DOD inventory.
- Maintenance of specifications and standards in accordance with the current state of the art.

These programs have agency-wide emphasis in DSA, which is the DoD standardization manager for 189 Federal Supply Classes, representing approximately 50 percent of the items in the inventory. In this role, DSA must exercise strong leadership in bringing about greater efficiency and economy by eliminating overlap and duplication of common items of supply.

"The Department of Defense has only scratched the surface in realizing the potential benefits that can result from an effective standardization program," declares Marine Corps Lieutenant General Wallace H. Robinson, Jr., DSA Director.

The director sees this as "both a challenge and an opportunity to achieve unlimited payoffs in terms of improved readiness, increased effectiveness of logistics management and reduction in acquisition and operating costs. DSA can make a great contribution here to the missions of the Military Departments."

DSA has taken a new and hard look at standardization during the past year and has implemented a revitalized effort to cut off unnecessary items and eliminate outdated specifications and standards that plague the logistic system.

DSA's Standardization Management Command Objective has specific milestones designed to:

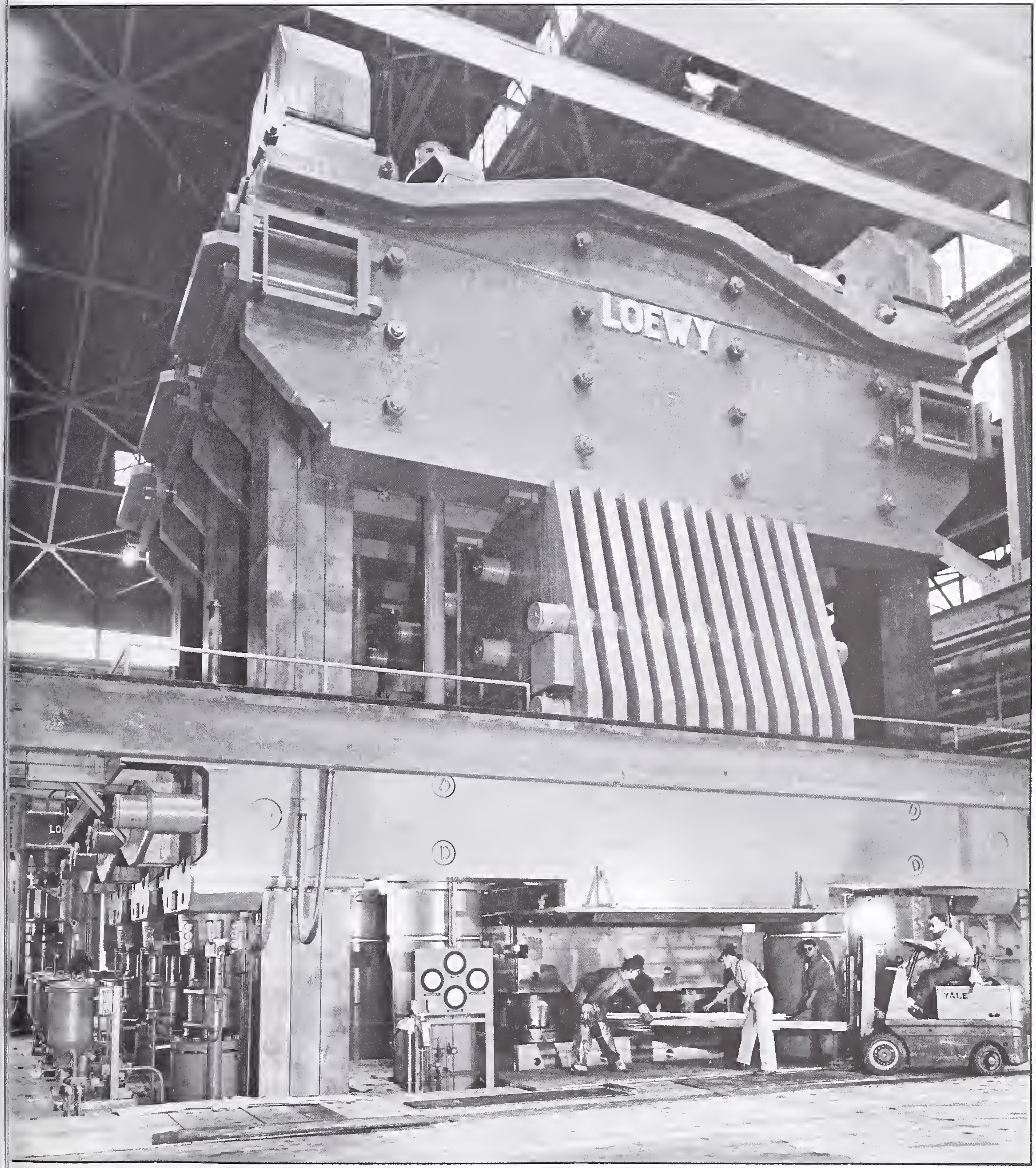
- Identify significant standardization problems and opportunities through improved planning and programming.
- Obtain agreements with the Military Services on high-priority projects for updating specifications and standards.
- Coordinate standardization plans with industry associations to eliminate duplication.
- Eliminate unnecessary standardization projects that waste scarce engineering resources in the Military Services.
- Involve DSA management at every level of decision making.
- Develop new methods of communicating to industry data about available standard parts to facilitate their use at the design stage.

The greatest potential for standardization is during design, for once it has hardened very little can be done to encourage the use of standard parts. Since design selection influences the acquisition and operating costs of weapon systems, the design community must be made aware whenever standard parts are available.

The Secretary of Defense has charged DSA with developing a computerized design selection system to fill this need. This system will utilize the Defense Integrated Data System (DIDS) and the Parts Control System (PCS) currently being implemented in DSA.

The new Defense Materiel Specifications and Standards Board will provide the high-level attention the Defense Standardization Program needs. General Robinson feels that many of the standardization problems facing DoD "can be solved through a synergistic government and industry effort. We have mutual objectives in many areas and we face similar problems with regard to resources. Involvement and increased productivity are the keys to our success in standardization."

Nothing is strange at the Defense Supply Agency—large, small, or just different. Defense Industrial Plant Equipment Center, Memphis, Tennessee, manages this 10-story (six below the floor level) 10,750-ton forging press and the Defense Electronics Supply Center, Dayton, Ohio, handles electronic parts so tiny it takes scores of them to fill a thimble. Testing the quality of freeze-dried chicken is one of the many tasks of the Defense Personnel Support Center headquarters in Philadelphia.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DIDS: info

A computerized system that will be able to handle 60 million maintenance and interrogation transactions a year—twice the present traffic load—will greatly speed up and expand the handling of key technical and logistics data by the Defense Supply Agency (DSA).

Known as the Defense Integrated Data System (DIDS), the program scheduled to begin operation in FY 1975 will provide a variety of access methods for Department of Defense organizations, U.S. civil agencies, the North Atlantic Treaty Organization, friendly foreign governments and, in some instances, industrial companies.

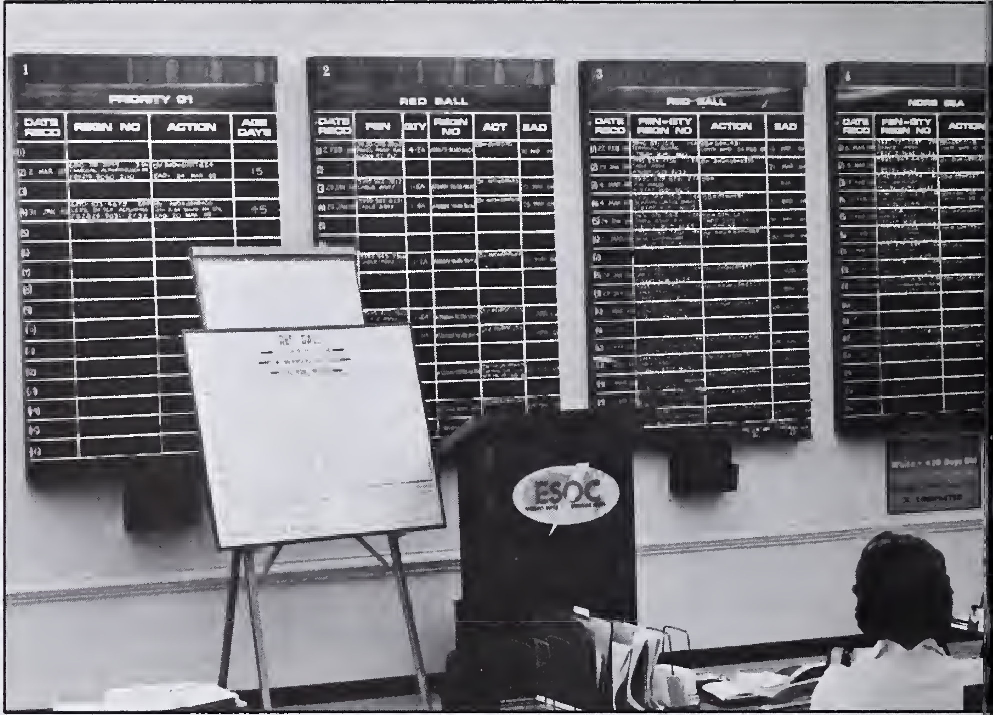
Using the largest single computer installed for logistic support in the Free World, DIDS will employ a Burroughs 6700 located at the Defense Logistics Services Center (DLSC) at Battle Creek, Michigan, as a central repository of logistical information. Uses of this information will include design and development, procurement, supply management, cataloging, standardization, provisioning, materiel utilization, surplus sales, traffic management and transportation.

In addition, DIDS will be used to integrate management information contained in data banks of DSA, the Military Services and civil agencies.

The computer system will greatly shorten the time required to assign Federal Stock Numbers and will speed item entry control actions.

Customer organizations will have access to DIDS by communications modes ranging from the postal service to DoD's high-speed Automated Digital Network (AUTODIN).

Ten years ago, DLSC logistics data files could accommodate 1.3 billion characters of information on magnetic tapes. Two years later this jumped to 2.6 billion. Under DIDS the center will have storage capability of 13.5 billion characters with immediate access.



On an aircraft carrier at sea, a supply officer radioes: "Aircraft in NORS (not operationally ready supply) condition. Need supply support immediately . . . ."

At the Royal Air Force Base in High Wycombe, England, a U.S. Air Force unit must have a transformer without delay.

From Cape Canaveral, Florida, the National Aeronautics and Space Administration reports a requirement for a kit vital to the space program.

All of these demands—plus several hundred others daily—converge on the Emergency Supply Operations Centers (ESOCs) at DSA headquarters and at each of its six supply/support centers.

Although the vast majority of urgent customer requirements are satisfied from available stocks, items are sometimes not readily available and alternatives must be used.

Most such requirements land on the desk of the ESOC expediter who deals with requests that are critical and need immediate supply assistance, for items that are NORS and for special projects that demand instant response.

When a message reaches an expediter's basket, his goal is to have the requirement resolved as soon as possible. Sometimes he can clear it in two hours; many times it is a race against the clock.

A requisition is "critical" when the item is out of stock, backordered or has an unsatisfactory delivery date. Usually, somewhere there is an Air Force mechanic, a space equipment manager or a Navy technician waiting. He is not interested in excuses—he just wants the item delivered.

Each morning the expediter knows he will have several hot items facing him. How does he resolve them? He can expedite delivery through coordination with the item manager and the procurement agent; he can substitute, if he can find an item that will perform the function required, or he can borrow it from someone who has one on hand (known in the trade as lateral support).

Various factors control the handling of an ESOC request. The Army, for instance, was in need of a special underwater detection kit which was unavailable. Research disclosed that components were obtainable from several sources of supply. The Army said, "Send us the components; we will assemble the kits." The individual sources were

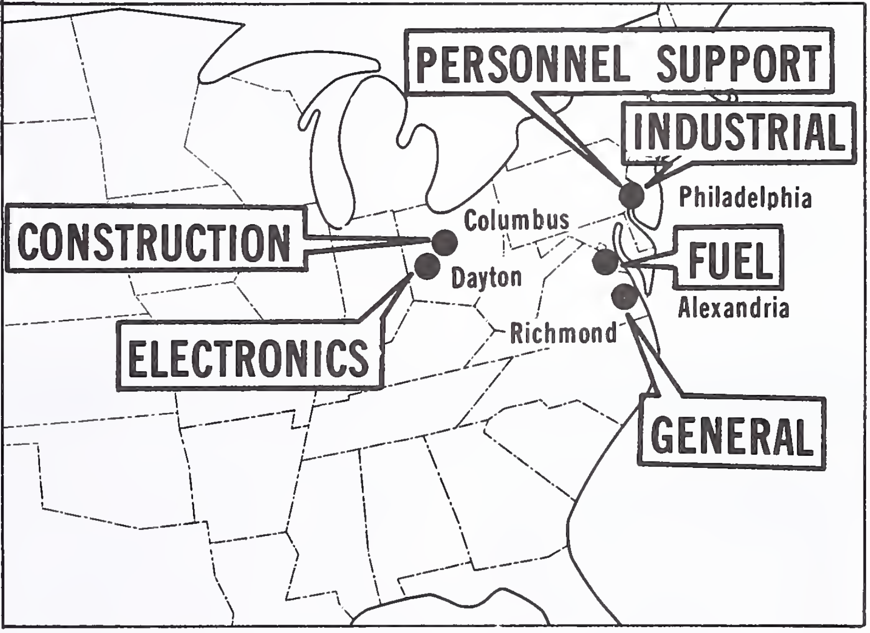
ESOC keeps critical supplies flowing 'round the clock

told to forward the items to the Army which made up the kits.

An ESOC room is a vital information center. On a wall is a map of the world showing the time zones and the principal supply sources of DoD and the Military Services. An array of clocks shows the time in principal zones. Supply specialists at rows of steel desks handle logistics problems of all the Military Services. Large well-lit briefing boards list the status of NORS conditions, priority requisitions and top backorder items.

ESOC highlights one of the unique attributes of the DSA logistic system: DSA has the capability of logistic inquiry into the supply systems of all the Services. Recently, an Air Force unit overseas was confronted with a critical shortage and called an ESOC for help. It developed that an Army depot a few hundred miles from the USAF installation had the items. ESOC's arrangement resulted in the Army's shipping directly to the Air Force unit.

For ESOC personnel the incident was not unusual; for the Services, cooperation like that can save an operation, even lives.



Twenty-four hours a day, seven days a week, Emergency Supply Operations Centers (ESOCs) like the one at the Defense General Supply Center, Richmond, Virginia, make sure that high-priority requirements of Defense Supply Agency's military customers are met. Special telecommunications equipment and quick-retrival techniques make the ESOCs indispensable in today's fast-reaction environment. In meeting these demands the ESOC utilizes the six DSA Supply Centers at Columbus and Dayton, Ohio, Philadelphia, and Alexandria and Richmond, Virginia.

DFSC provides fuel despite shortages

Managing bulk petroleum products worldwide for the Armed Forces and other government agencies is the responsibility of the Defense Fuel Supply Center (DFSC), one of the Defense Supply Agency (DSA) field activities that feels the impact of day-to-day developments around the globe.

The center, at Cameron Station, Alexandria, Virginia, is commanded by Rear Admiral William M. Oller, SC, USN, and has approximately 350 assigned military and civilian personnel.

Typical of the integrated management concept under which DSA operates, the center provides common support functions by managing energy needs of the Services and of certain civil components of the government. DFSC has responsibilities for procurement of petroleum products, coal and related services as well as for material management of bulk petroleum products.

To assure efficient and responsive service, the center has collateral relationships with the three Military Departments and the theatre commanders. In addition, DFSC works closely with the Director of Energy under the Assistant Secretary of Defense (Installations and Logistics) and with the Director of Logistics on the Joint Staff.

Customers calculate consumption and reserve requirements and forward them to DFSC on a staggered basis to equalize the procurement workload throughout the year.

DFSC solicits bids and awards contracts on a competitive basis. Most contracts are the open-end type providing for partial deliveries when individual orders are placed, giving DFSC flexibility to support varying consumption rates. Almost all contracts make provisions for limited escalation based on the price of crude oil.

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Two basic procurements are involved—one for ground products to support posts, camps and stations, and the other from bulk fuels managed by DSA. Most contracts for posts, camps and stations are administered by the Services, with the customer placing the order, accepting delivery and paying the contractor. The bulk fuels logistic system involves the arrangement of a source of supply for each installation, the establishment of a terminal storage plant and the responsibility to distribute products to DFSC's customers.

The center keeps certain quantities of fuel in its terminals—called peacetime operating stocks—to insure uninterrupted supply to its customers. Consideration is given to supply difficulties, such as resupply in bad weather, production deficiencies, strikes and the like.

The prepositioned war reserve is determined by the Military Departments under contingency and war plans. Each terminal or on-base storage facility has an established goal of war reserve stock.

Over the years, DFSC had been able to procure adequate supplies of petroleum products both overseas and domestically at reasonable, if not discounted, prices. As recently as the spring of 1971, the offers to supply JP-4 to meet domestic jet fuel requirements were twice DFSC's needs.

Tremors from the world situation were detected by the DFSC managers as energy shortages developed. A review of the world and domestic petroleum supply situation caused some apprehension as early as the fall of 1972. By March 1973, DFSC received only 61 percent coverage of domestic JP-4 requirements and 60 percent of JP-5 requirements. JP-4 is the primary aviation fuel for the Air Force and JP-5, for the Navy.

By mid-1973, response to solicitation for ground products in support of domestic posts, camps and stations fell short by about 20 percent for motor gasoline, 14 percent for distillates (diesel and light heating oils) and about 6 percent for residuals (heavy heating oil).

After determining that the Government would not be offered sufficient supplies, DFSC took prompt and vigorous steps. Representatives of major oil companies were requested to make supplemental offers and senior officials of those companies received personal appeals for additional offers. DFSC contacted Department of Interior and White House energy advisors for assistance. The voluntary allocation program was used to the extent possible, but these actions had only limited success.

When quantitative restrictions on oil imports were removed in April 1973, DFSC increased efforts for foreign procurement and was able to get a number of spot cargoes to offset the shortfall in domestic procurement.

Domestic price controls influenced the procurement situation, particularly in regard to JP-4 and JP-5. JP-4 is manufactured from the same part of the crude oil barrel as commercial gasoline and JP-5 is from the same part as commercial jet fuel. Commercial prices had progressively risen prior to the freeze whereas contract prices for sales to the military had remained fixed by contract.

The freeze, in effect, established a low price for sales to the Government but permitted higher pump prices in the sale to commercial accounts. Suppliers could get higher prices for commercial products.

Shortages in procurements were accommodated by drawing down military inventories. Final resort had to be made under the Defense Procurement Act of 1950. To meet DFSC's needs, the Secretary of Defense requested the Department of Interior to establish the necessary procedures; as a result a quota was levied against 22 refineries for some 19 million barrels—or about one day's consumption, military and civilian, in the entire United States.

SAMMS keeps its eye on 483,000 items

One of the most important management tools used in the DSA Supply System is the Standard Automated Material Management System (SAMMS).

Now operational at four DSA centers and scheduled for a fifth installation in the fall, SAMMS is a major computerized system for many supply operations once performed manually.

SAMMS is designed to improve inventory management and control by making it possible to simultaneously reduce stock levels and provide more rapid response to customer demands. This, plus the achievement of a single standardized system, provides better financial and inventory control.

SAMMS is actually five major subsystems. One of these involves processing requisitions, receipts and like documents plus maintenance of the Center's accountable record. This part of SAMMS includes ability to "talk" to the computer from remote terminals.

Since DSA is customer-oriented, the distribution function of SAMMS must be fast, and it is. Most of the function is accomplished on random access files.

The item manager simply types in an "interrogation" . . . the computer zips through as many as four huge master files . . . and seconds later the answer is typed out on the remote terminal typewriter.

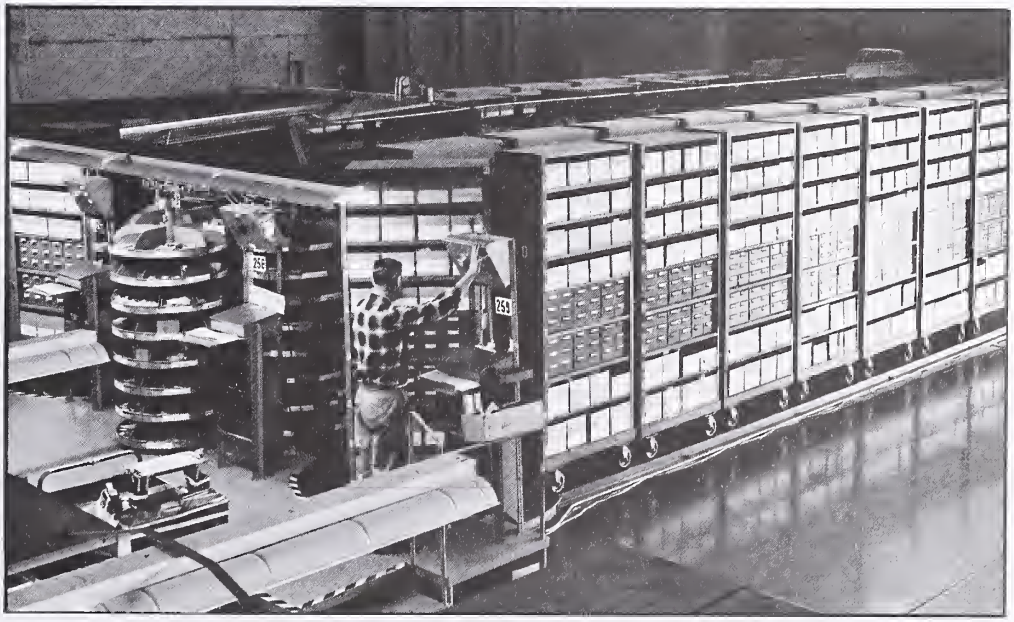
Another subsystem involves requirements. It has to do with managing the inventory so the customers' needs can be satisfied. The supply control file in this subsystem contains the item management data . It forecasts what the requirements will be, using complex mathematical procedures practical only on a high-speed computer.

The technical subsystem does what a printed catalog is supposed to do—but SAMMS' catalog is electronic, and unlike a printed catalog, can be updated daily.

The procurement subsystem is concerned with "buy" information. When an item is to be purchased and the center lacks certain information about it, this subsystem notifies center managers. When there's no problem, the procurement subsystem does the paperwork, including printing out the purchase request or delivery order.

Finally, the center has to watch dollars and cents, and SAMMS has a financial subsystem to do this. It applies policy guidance to funds control and allotment, financial inventory, general ledger accounting and reporting, billing and collections and standard pricing.

Overall, SAMMS is a system for doing business for DSA customers in a modern, sophisticated, high-speed manner. It is another step in achieving DSA's objective of "doing more with less."



At the selection of a button on his console, a stock picker can bring within reach any one of more than 3,000 bins in this automated facility at Defense Depot Ogden, Utah. The depot's mechanized materials handling system enables it to process approximately 600,000 different Federal-stock-numbered items.

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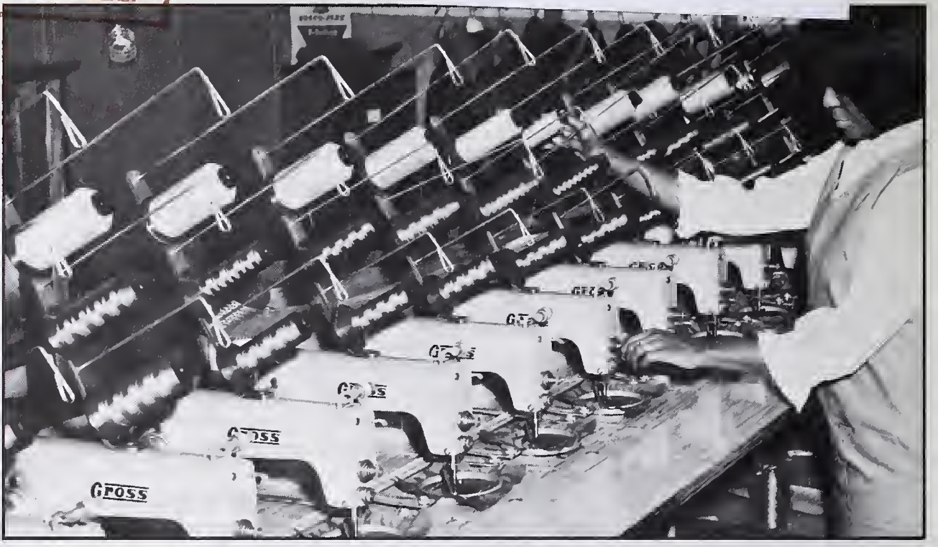
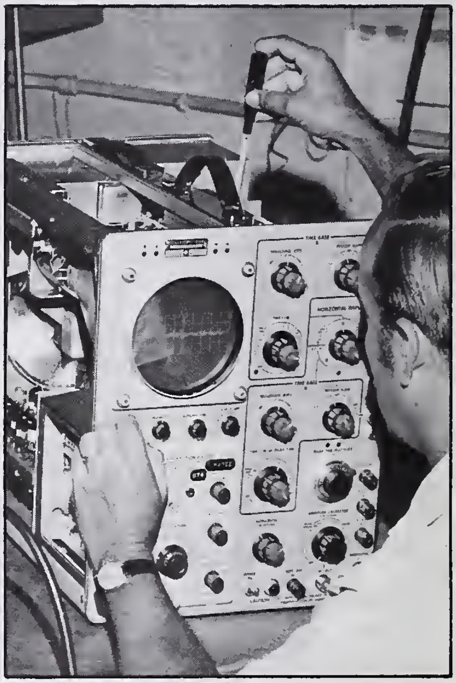
FLARE



A shoe repairman works on a last at the Defense Depot Memphis while a worker at the Defense Personnel Support Center, Philadelphia, operates a bank of sewing machines making uniform insignias. An oscilloscope is repaired by the Mechanicsburg (Pennsylvania) Depot and a water purification unit is loaded for airlifting from the Defense Construction Supply Center, Columbus, Ohio.



Further information about the Defense Supply Agency (DSA) is contained in *An Introduction to the Defense Supply Agency*, which may be obtained from the Public Affairs Office, DSAH–B, Cameron Station, Alexandria, Virginia 22314.

A 30-minute film, "The DSA Story," MF–2–4, is available on loan from Public Affairs Offices at DSA centers.

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